

MONTANA LEGISLATIVE HISTORY

Chapter 566 19 81

Bill H 674 S _____ Original bill & history C

H. Committee on State Admin.

Hearing Date(s) Feb 11 ✓ C

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Date Out Feb 23 ✓ C

S. Committee on Finance & Claims

Hearing Date(s) Apr 14 ✓ C

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Apr 14 ✓ C

Did this bill originate in an interim committee? Yes No

Committee _____

Report _____

H. Appropriations

Mar 23 ✓

Mar 29 ✓

Mar 30 ✓

BILL KILLED ON 2ND READING: 2/21

70—CURTISS, ROTH, BURNETT, ET AL—TO ENSURE EFFECTIVE UTILIZATION OF POTENTIAL OF THE AGRICULTURAL LANDS IN MONTANA BY RESERVING LIMITED AMOUNTS OF GROUND WATER NECESSARY FOR THEIR CONTINUED DEVELOPMENT.

INTRODUCED: 2/6

REFERRED TO SELECT COMMITTEE ON WATER: 2/6

HEARING: 2/19

BILL DIED IN COMMITTEE

71—HURWITZ—TO REVISE FEES FOR VARIOUS BOARDS ALLOCATED TO THE DEPARTMENT OF PROFESSIONAL AND OCCUPATIONAL LICENSING....

INTRODUCED: 2/6

REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 2/6

HEARING: 2/16

REPORT: DO PASS AS AMENDED, 2/19

2ND READING: 2/21, YEAS: 89; NAYS: 1

3RD READING: 2/25, YEAS: 96; NAYS: 1

TRANSMITTED TO SENATE: 2/25

REFERRED TO COMMITTEE ON PUBLIC HEALTH: 3/3

HEARING: 3/23

BILL DIED IN COMMITTEE

72—KANDUCH—TO ALLOW THE TRUSTEES OF ANY SCHOOL DISTRICT TO ISSUE ADDITIONAL CONTRACTS FOR REELECTION OF TENURE AND NONTENURE TEACHERS.....

INTRODUCED: 2/6

REFERRED TO COMMITTEE ON EDUCATION: 2/6

HEARING: 2/18

REPORT: DO NOT PASS, 2/19

REPORT: ADOPTED, 2/20

BILL KILLED: 2/20 YEAS: 93; NAYS: 2

73—LORY—TO EXEMPT PLANNED UNIT DEVELOPMENT DISTRICTS FROM APPLICATION OF THE PROTEST PROVISION OF THE STATUTE GOVERNING OPERATION OF ZONING REGULATIONS.

INTRODUCED: 2/6

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 2/6

HEARING: 2/12

REPORT: DO NOT PASS, 2/13

REPORT: ADOPTED, 2/14

BILL KILLED: 2/14 YEAS: 87; NAYS: 0

74—FABREGA, NILSON, DUSSAULT, ET AL—CREATING A FIREFIGHTERS' RETIREMENT SYSTEM....

FISCAL NOTE: REQUIRED

INTRODUCED: 2/7

REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 2/7

HEARING: 2/11

REPORT: DO PASS AS AMENDED, 2/23

2ND READING: 2/25, YEAS: 92; NAYS: 1

BY MOTION, 2/25, SEGREGATED FROM THE COMMITTEE OF THE WHOLE

REPORT.

BY MOTION, 2/25, REREFERRED TO COMMITTEE ON APPROPRIATIONS.

HEARING: 3/11

HEARING: 3/23

REPORT: DO PASS AS AMENDED, 3/30

3RD READING: 4/4, YEAS: 79; NAYS: 0

3RD READING: 4/6, YEAS: 94; NAYS: 0

TRANSMITTED TO SENATE: 4/6

REFERRED TO COMMITTEE ON FINANCE AND CLAIMS: 4/7

HEARING: 4/13

REPORT: 4/14, BE CONCURRED IN

2ND READING: 4/15, BE CONCURRED IN

3RD READING: 4/16, YEAS: 47; NAYS: 3

RETURNED TO HOUSE: 4/16

TRANSMITTED TO GOVERNOR: 4/22

ACTION: SIGNED, 4/29

CHAPTER 566

HB 675—HARPER—TO EXEMPT CITIES AND COUNTIES FROM CONTRIBUTING TO TRAFFIC EDUCATION ACCOUNT....

INTRODUCED: 2/7

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 2/7

HEARING: 2/12

REPORT: DO PASS, 2/13

2ND READING: 2/17, YEAS: 79; NAYS: 5

3RD READING: 2/19, YEAS: 77; NAYS: 22

TRANSMITTED TO SENATE: 2/19

REFERRED TO COMMITTEE ON EDUCATION: 2/20

HEARING: 3/13

REPORT: 3/25, BE CONCURRED IN

REFERRED TO COMMITTEE ON FINANCE AND CLAIMS: 3/25

HEARING: 4/3

REPORT: 4/7, BE CONCURRED IN

2ND READING: 4/11, BE CONCURRED IN

ON MOTION, 4/11, RULES SUSPENDED, PLACED ON 3RD READING

3RD READING: 4/11, YEAS: 49; NAYS: 0

RETURNED TO HOUSE: 4/11

TRANSMITTED TO GOVERNOR: 4/16

ACTION: SIGNED, 4/21

CHAPTER 487

HB 676—HARPER—TO ELIMINATE EARMARKED FUNDING FOR THE CRIME COMPENSATION PROGRAM, THUS REQUIRING THAT FUNDING FOR THE PROGRAM BE BY LEGISLATIVE APPROPRIATION.

INTRODUCED: 2/7

REFERRED TO COMMITTEE ON JUDICIARY: 2/7

HEARING: 2/12

REPORT: DO NOT PASS, 2/19

SUBSTITUTE MOTION, 2/21, THAT THE BILL BE PRINTED AND PLACED ON 2ND READING.

MOTION FAILED,

YEAS: 47; NAYS: 48

REPORT: ADOPTED, 2/21

BILL KILLED: 2/21, YEAS: 59; NAYS: 36

MOTION, 2/21, TO RECONSIDER ACTION, YEAS: 62; NAYS: 29

MOTION, 2/21, TO HAVE THE BILL PRINTED AND PLACED ON 2ND READING.

ON MOTION, 2/23, PASSED CONSIDERATION TO THE 45TH LEGISLATIVE DAY.

2ND READING: 2/24, AS AMENDED, YEAS: 67; NAYS: 26

ON MOTION 2/24, SEGREGATED FROM COMMITTEE OF THE HOUSE REPORT.

HOUSE BILL NO. 674

INTRODUCED BY FABREDA, NILSON, VINCENT, R. MANNING, LEE, GOULD,
RYAN, DUSSAULT

IN THE HOUSE

February 7, 1981	Introduced and referred to Committee on State Adminis- tration.
February 10, 1981	Fiscal note requested.
February 12, 1981	Fiscal note returned.
February 23, 1981	Committee recommend bill do pass as amended. Report adopted.
	Statement of intent attached.
	Revised fiscal note requested.
February 24, 1981	Revised fiscal note returned.
	Bill printed and placed on members' desks.
February 25, 1981	Second reading, do pass.
	Bill segregated.
	Referred to Committee on Appropriations.
March 7, 1981	Revised fiscal note requested.
March 11, 1981	Revised fiscal note returned.
March 30, 1981	On motion rules suspended and and bill allowed to be transmitted on the 75th legislative day.
	Revised fiscal note requested.
March 31, 1981	Committee recommend bill do pass as amended. Report adopted.

March 31, 1981	Revised fiscal note returned.
April 4, 1981	Second reading, do pass. Transmittal deadline extended to the 76th legislative day.
April 6, 1981	Correctly engrossed. Third reading, passed. Ayes, 94; Noes, 0. Transmitted to Senate.

IN THE SENATE

April 7, 1981	By motion and consent bill allowed to be received and considered this session. Introduced and referred to Committee on Finance and Claims.
April 10, 1981	Revised fiscal note requested.
April 13, 1981	Revised fiscal note returned.
April 14, 1981	Committee recommend bill be concurred in. Report adopted.
April 15, 1981	Second reading, concurred in.
April 16, 1981	Third reading, concurred in. Ayes, 47; Noes, 3.

IN THE HOUSE

April 17, 1981	Returned from Senate. Concurred in. Sent to enrolling. Reported correctly enrolled.
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1 *House* BILL NO. *674*
 2 INTRODUCED BY *Fitzgerald Nelson*
 3 *VINCENT Richard E. Manning Lee John Ryan*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A
 5 FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM AND PROVIDING FOR
 6 ITS ADMINISTRATION; AMENDING SECTIONS 19-9-1007, 19-11-401,
 7 19-11-403, 19-11-504, 19-11-512, 19-11-514, 19-11-606, and
 8 19-12-301, MCA; REPEALING SECTIONS 19-11-301 THROUGH
 9 19-11-303, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."
 10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 12 NEW SECTION. Section 1. Short title. [Sections 1
 13 through 44] may be cited as the "Montana Firefighters'
 14 Unified Retirement Act".
 15 NEW SECTION. Section 2. Purpose -- application of
 16 prior law. (1) Because cities other than those of the first
 17 or second class have on [the effective date of this act]
 18 fire department relief associations, the legislature finds
 19 and declares that the law regarding these associations
 20 cannot be repealed. It is the express intention of the
 21 legislature to allow two separate and distinct retirement
 22 systems to exist. The first, which includes fire department
 23 relief associations, applies to cities other than those of
 24 the first or second class that wish to adopt it. The second,
 25 created by [sections 1 through 44], applies to cities of the

1 first or second class and other incorporated cities
 2 employing part- or full-paid firefighters that wish to adopt
 3 it.
 4 (2) Title 19, chapter 11, may not be applied in any
 5 way to a city operating under the plan created by [sections
 6 1 through 44].
 7 NEW SECTION. Section 3. Montana firefighters' unified
 8 retirement system established. Effective July 1, 1982, a
 9 Montana firefighters' unified retirement system is
 10 established and governed by the provisions of [sections 1
 11 through 44].
 12 NEW SECTION. Section 4. Definitions. In [sections 1
 13 through 44], unless the context requires otherwise, the
 14 following definitions apply:
 15 (1) "Administrator" means the administrator employed
 16 by the board under [section 11].
 17 (2) "Board" means the retirement board described in
 18 [section 9].
 19 (3) "Employer" means any city of the first or second
 20 class or an incorporated city employing full- or part-paid
 21 firefighters that elects to join this plan under [section
 22 7].
 23 (4) "Full-paid firefighter" means a person appointed
 24 as a firefighter under 7-33-4106.
 25 (5) "Member" means a person who is entitled to a

retirement allowance by virtue of his service to an employer as a full- or part-paid firefighter.

(6) "Monthly salary" means:

(a) for a full-paid firefighter, the regular monthly compensation, excluding overtime and payments in lieu of sick and annual leave, paid by an employer for his service as a firefighter;

(b) for a part-paid firefighter employed by a city of the second class, 15% of the average regular monthly compensation, excluding overtime and payments in lieu of sick and annual leave, paid to all newly confirmed, active firefighters employed by cities of the second class on July 1 of each year.

(7) "Part-paid firefighter" means a person employed under 7-33-4109 who receives compensation in excess of \$300 a year for his service as a firefighter.

(8) "Plan" means the Montana firefighters' unified retirement system created by [sections 1 through 44].

(9) "Prior plan" means the fire department relief association plan of an incorporated city employing full- or part-paid firefighters that elects to join the plan under [section 7] or the fire department relief association plan of a city of the first or second class.

NEW SECTION. Section 5. Transfer of assets and liabilities from prior plans. (1) On June 30, 1982, the

boards of trustees of the fire department relief associations of cities of the first and second class shall transfer all funds and obligations constituting the assets and liabilities of prior plans for deposit in the fund provided for in [section 23].

(2) The funds transferred under subsection (1) shall be commingled for the purpose of investment and payment of member benefits and administrative expenses.

NEW SECTION. Section 6. Effect on members of prior plans. The benefits of a member under a prior plan may not be decreased by:

(1) the provisions of [sections 1 through 44]; or

(2) the reduction of a city of the first or second class to a city of the third class or a town under 7-1-4118.

NEW SECTION. Section 7. Election to join plan -- transfer of assets. (1) Cities of the first or second class must participate in the plan. An incorporated city employing full- or part-paid firefighters other than a city of the first or second class may as of July 1, 1982, elect to join the plan by passing an ordinance stating the election and the consent of the city to be bound by the provisions of [sections 1 through 44]. The fire department relief association of the city shall pass a resolution to the same effect. Upon the enactment of an ordinance and the passage of a resolution, the provisions of [sections 1 through 44]

1 become applicable to the city and to its full- and part-paid
 2 firefighters. Any incorporated city that enacts such an
 3 ordinance and in which the fire department relief
 4 association passes such a resolution shall send certified
 5 copies of the ordinance and resolution to the board and
 6 shall, as soon as possible thereafter, deposit with the
 7 board all cash and securities held by its fire department
 8 relief association for its full- and part-paid firefighters.
 9 The value of the securities shall be determined by the
 10 board.

11 (2) The board of trustees of the fire department
 12 relief association as of the effective date of the election
 13 shall certify the proportion, if any, of the funds of the
 14 association that represents the accumulated contributions of
 15 the active members and the relative shares of the members as
 16 of that date. Following the transfer of the cash and
 17 securities required by subsection (1) and the certification
 18 required by this subsection, the fire department relief
 19 association may conclude its affairs. The shares of the
 20 members shall be charged to the employer and credited to the
 21 respective individual accounts of the members in the plan
 22 and administered as if the contributions had been made
 23 during membership in the plan.

24 NEW SECTION. Section 8. Penalty for fraud. (1) No
 25 person may knowingly make any false statement or permit to

1 be falsified any records of the plan in an attempt to
 2 defraud the plan.

3 (2) A person who violates any of the provisions of
 4 subsection (1) is guilty of a misdemeanor and upon
 5 conviction shall be punished by a fine not exceeding \$500 or
 6 imprisonment in the county jail for a term not exceeding 6
 7 months, or both.

8 NEW SECTION. Section 9. Delegates to annual meeting
 9 -- election of board -- vacancies. (1) Before June 1, 1981,
 10 and before June 1 of each year thereafter, members of the
 11 plan shall elect by majority vote five delegates from their
 12 fire departments to attend an annual meeting for members of
 13 the retirement system. This meeting must be held after June
 14 1 but on or before July 31, 1981, and after June 1 but on or
 15 before July 31 of each year thereafter.

16 (2) (a) Delegates to the annual meeting shall elect by
 17 majority vote a board consisting of five voting members. No
 18 more than one of these members may be employed by the same
 19 fire department. The elected members shall serve staggered
 20 3-year terms except as provided in subsection (2)(b).

21 (b) To implement the staggered-term system at the
 22 first annual meeting, one member shall be elected to serve a
 23 1-year term and two members each shall be elected to serve
 24 2-year and 3-year terms. Upon completion of each 1-year and
 25 2-year term, members shall be elected for 3-year terms.

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(c) The state auditor or his designee shall serve as a nonvoting ex officio member of the board.

(3) If a vacancy occurs on the board, the voting board members shall appoint a member of the plan to fill the vacancy. This appointment may only be made for the unexpired portion of the term.

~~NEW SECTION.~~ Section 10. Per diem and expenses of board members. The members of the board shall serve without direct or indirect compensation except that each member shall receive \$25 per day and travel expenses, as provided for in 2-18-501 through 2-18-503, for each day in attendance at the meetings of the board or in the execution of his duties as a member of the board. All per diem and expenses paid under the provisions of this section shall be paid from the fund of the retirement system.

~~NEW SECTION.~~ Section 11. Power and duties of board. The board may:

(1) administer, interpret, and enforce the provisions of [sections 1 through 44];

(2) establish uniform rules to administer the provisions of [sections 1 through 44];

(3) determine the conditions under which a person may become a member of and receive benefits under the retirement system;

(4) determine and modify retirement, disability, and

survivorship allowances under [sections 1 through 44];

(5) maintain records and accounts for administering the retirement system;

(6) audit the retirement accounts annually and issue a report on the condition of them at the annual meeting; and

(7) employ an administrator and other employees to transact the business of the retirement system.

~~NEW SECTION.~~ Section 12. Administrator's bond. No administrator may execute any provisions contained in [sections 1 through 44] until he has given the board a bond of not less than \$100,000 for the faithful performance of his duties as determined by the board. This bond shall be paid by the board from the fund.

~~NEW SECTION.~~ Section 13. Actuarial valuation. (1) The board shall contract with a qualified actuary to conduct an actuarial valuation of the plan in each even-numbered year beginning in 1982. The valuation must include the actuary's determination of the financial condition of the plan and the level of annual contributions required to maintain the plan on an actuarially sound basis. A qualified actuary is one who is a member of the American academy of actuaries or of any organization considered by the board to have similar standards.

(2) In each fiscal year in which an actuarial valuation is prepared, the board shall submit to the state

1 auditor a request for payment of the expenses incurred in
2 securing the actuarial valuation. These expenses may not
3 exceed \$6,000 in any fiscal year. The state auditor shall
4 pay the actuary designated by the request for his services
5 in performing the valuation.

6 NEW SECTION. Section 14. Board to provide forms --
7 information from employers. The board shall prepare such
8 forms as it finds necessary for the employers to complete,
9 and the cities shall give the board all information
10 necessary to administer [sections 1 through 44].

11 NEW SECTION. Section 15. Administrative expenses. All
12 expenses for administering [sections 1 through 44],
13 including compensation for an administrator and other
14 employees and for the board members, must be paid from the
15 retirement fund provided for in [section 23].

16 NEW SECTION. Section 16. Active membership. (1) A
17 full-paid firefighter shall become an active member under
18 the plan on:

- 19 (a) the first day of his employment by an employer;
20 (b) July 1, 1982, if he is employed by an employer on
21 that date; or
22 (c) the effective date of an employer's election to
23 join the plan under [section 7] if the firefighter is
24 employed by the employer on that date.

25 (2) Upon becoming eligible for membership under

1 subsection (1), a firefighter shall complete the forms
2 required by the board for membership in the plan.

3 (3) A part-paid firefighter may elect to become a
4 member of the plan by filing a membership application with
5 the board.

6 NEW SECTION. Section 17. Ineligibility for other
7 retirement plans. No active member is eligible to be covered
8 under any other mandatory retirement plan for firefighters
9 to which an employer is required to contribute on his behalf
10 while he is eligible to be covered by this plan.

11 NEW SECTION. Section 18. Inactive membership. (1) An
12 active member becomes an inactive member upon the occurrence
13 of the earlier of the following:

- 14 (a) the date he ceases to be employed by an employer
15 and becomes entitled to a retirement allowance; or
16 (b) the 31st day of an approved absence from active
17 duty with an employer.

18 (2) An inactive member becomes an active member on the
19 date he returns to active duty with an employer. Upon again
20 becoming an active member, his retirement allowance, if any,
21 shall cease being paid to him until he again becomes an
22 inactive member.

23 NEW SECTION. Section 19. Termination of employment
24 prior to retirement. Upon termination of the employment of
25 an active member prior to his retirement date, he may

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withdraw the amount of his member contributions in lieu of all other benefits under the plan. The amount paid shall include interest, at a rate to be determined by the board, on such amounts. If an active member's employment terminates by reason of his death, his beneficiaries are entitled to the benefits prescribed in [section 40].

NEW SECTION. Section 20. Cessation of membership. A member shall cease to be a member upon the occurrence of the earlier of the following:

(1) the date he withdraws his member contributions in lieu of all other benefits under the plan; or

(2) the date of his death.

NEW SECTION. Section 21. Credited services to be cumulative. A member who complies with the provisions of [sections 1 through 44] is entitled to benefits upon the entire period of his services as a firefighter regardless of the number of employers by whom he was employed or the number of periods of his employment.

NEW SECTION. Section 22. Firefighter's rights in event of city-county consolidation. A firefighter employed by a fire department established as required by law in a city or town of the county prior to the election and qualification of a commission under Title 7, chapter 3, part 11 or parts 12 and 13, of that chapter or other acts of consolidation or disincorporation has the same vested rights

to retirement benefits as though no election and qualification had taken place.

NEW SECTION. Section 23. Establishment and use of retirement fund. (1) On July 1, 1982, the board shall establish a retirement fund to be maintained on behalf of the system. The administrator, who shall deposit all money received by him in the fund, is the custodian of the fund subject to the administrative control of the board.

(2) The fund may not be used for any purpose other than investment, as provided in [section 24], and the payment of the following:

(a) a service pension to a member who has become entitled to such pension;

(b) a pension to a member who has become permanently maimed or disabled, who has suffered a permanent disabling injury, or who has contracted a permanent disabling sickness;

(c) a benefit, not exceeding \$750, to defray the funeral expenses of a member;

(d) benefits to the surviving spouse, child, or children of a deceased member;

(e) premiums on a blanket policy of insurance covering the members of the fire department and providing for payment of compensation in case of the death of or injury to any such member;

(f) the return of employee contributions with interest;

(g) administrative expenses as provided in [section 15];

(h) compensation for medical services and advice used to determine whether a member is entitled to a disability pension.

NEW SECTION. Section 24. Management and investment of fund. The board through the administrator shall administer, invest, account for, and treat the fund according to rules adopted by the board. The contributions of the state, employers, and members paid to the administrator under [sections 1 through 44] may be commingled for investment purposes. The securities enumerated in 17-6-211(3) are permissible investments for the fund. The board shall endeavor to direct the plan's investment business to those investment firms or banks that maintain offices in the state. Consideration must also be given to investments that will benefit the smaller communities in the state. Investment business may be directed to out-of-state firms only when there is a distinct economic advantage to the plan.

NEW SECTION. Section 25. Member contributions. The treasurer or other appropriate official of each employer shall retain 7% from the monthly salary of each active

member. The monthly deduction shall be paid to the administrator for deposit in the fund.

NEW SECTION. Section 26. Vesting and withdrawal of contributions. A member is at all times fully vested in the deductions made from his compensation as a member or as a member of a prior plan standing to his credit and may, at his discretion, withdraw the full amount of these deductions plus credited interest upon his termination of employment according to [section 19] and thereby forfeit all rights and interest with respect to any benefits that would otherwise become payable under the plan.

NEW SECTION. Section 27. Redeposit of amounts withdrawn upon reinstatement. (1) Upon reinstatement to active membership, a member may redeposit in the fund, in one lump sum or in installments not to exceed 12 monthly or 24 semimonthly installments, an amount equal to the member contributions that he withdrew plus an amount equal to the interest that would have been credited to his account had he not withdrawn his member contributions. If a member makes this redeposit, his credited service must be reinstated.

(2) If an active member does not elect to make the redeposit provided for in subsection (1), he forfeits his credited services for the period attributable to the withdrawn member contributions.

NEW SECTION. Section 28. State contribution. The

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1 state shall make its contribution through the state auditor
 2 from the premium taxes on insurance risks enumerated in
 3 19-11-512 after deductions are made for canceled and
 4 returned premiums. After the end of each fiscal year, the
 5 state auditor shall issue and deliver the payment to the
 6 administrator for deposit in the fund. The state's
 7 contribution is 14% of the total compensation, excluding
 8 overtime and payments in lieu of sick and annual leave, paid
 9 to all active members during the preceding calendar year.
 10 Each year the administrator shall notify the auditor of the
 11 annual compensation paid to members.

12 NEW SECTION. Section 29. Employer contribution. Each
 13 employer shall make its contribution on behalf of members
 14 through the city treasurer or other appropriate official out
 15 of money available to the city for this purpose. Effective
 16 July 1, 1982, the employer's contribution is 7% of the
 17 monthly salary paid to each active member during the
 18 preceding month. This contribution shall increase annually
 19 at the rate of 1.5% for the 4 years following July 1, 1982.
 20 Effective July 1, 1987, the employer's contribution rate
 21 shall be 14%. All contributions are payable monthly to the
 22 administrator who shall, as soon as practicable after their
 23 receipt, deposit them in the fund.

24 NEW SECTION. Section 30. Supplemental payments for
 25 certain employers. In addition to the contribution required

1 in [section 29], certain cities shall make supplemental
 2 payments. The administrator shall calculate as of July 1,
 3 1982, or whenever a city elects to join the plan under
 4 [section 7] the difference between the balance in the
 5 disability and pension fund for each fire department relief
 6 association under a prior plan and 2% of the taxable
 7 valuation of all taxable property within the limits of the
 8 city where the association is located. If the balance in the
 9 fund is less than 2% of the city's taxable valuation, the
 10 city shall pay the difference in a lump-sum payment or
 11 according to a payment plan agreed to by the administrator
 12 and the city.

13 NEW SECTION. Section 31. Taxing authority of
 14 employers. (1) For the purpose of making contributions
 15 required of a city under [sections 1 through 44], whenever
 16 the demand for deposits of these contributions cannot be met
 17 within the general taxing authority and other revenues
 18 available to the city for that purpose, the appropriate
 19 authority of the city may levy any additional tax until the
 20 general taxing authority and other revenue available for
 21 that purpose are sufficient to meet the demand.

22 (2) "General taxing authority", as used in this
 23 section, means the levy that the city may make under the
 24 all-purpose levy or under multiple-purpose levies if the
 25 city is using multiple-purpose levies.

(3) No provision of any statute relating to the all-purpose levy may be so construed as to limit the additional taxing authority created by this section.

NEW SECTION. Section 32. Other money credited as employer contributions. All gifts, bequests, and emoluments given to an employer or member for the benefit of the plan or because of any member's service as a firefighter, except when specifically allowed to be retained by the member by his employer, shall be paid to the administrator who shall deposit this money in the fund as soon as practicable after its receipt.

NEW SECTION. Section 33. Application for service retirement. On or after a member's minimum retirement date and prior to his mandatory retirement date, he may retire on a service retirement allowance by applying in writing to the administrator. The application must state the member's elected retirement date. The member shall forward the application to the administrator not less than 30 days or more than 90 days before his elected retirement date.

NEW SECTION. Section 34. Service pension. (1) The administrator shall pay out of the fund a service pension to a member who elects to retire from active service after completing 20 years or more of active duty and reaching age 50. The pension must equal one-half the regular monthly salary last received by the member for his service as an

active firefighter.

(2) A member who completes 20 years of service and elects to serve additional years shall receive the pension provided for in subsection (1) increased at the rate of 1% per year for each additional year of service completed, up to a maximum of 60% of the monthly salary last received by the member for his service as a firefighter. No member is eligible to receive a service pension prior to reaching age 50.

(3) (a) The monthly pension paid to a member must be at least one-half the regular monthly compensation, excluding overtime and payments in lieu of sick leave and annual leave, paid to a newly confirmed, active firefighter of that city, as provided each year in the budget of that city.

(b) On or before April 1 of each year, the administrator shall report to the state auditor the difference between the amount originally received by members retired after July 1, 1973, or their surviving spouses and children from the fund under subsections (1) and (2) of this section and one-half the regular monthly compensation paid by the respective city or town to a newly confirmed, active firefighter for the preceding year. This difference must be paid by the state auditor after the end of the fiscal year from the premium taxes on insurance risks enumerated in

19-11-512. The auditor shall deliver the payment to the administrator for deposit in the fund.

(4) A member is not eligible to receive a service pension under this section unless he is making a monthly contribution to the disability and pension fund, as required by [section 25], and is on active duty as a full- or part-paid member of a fire department when he reaches age 50.

NEW SECTION. Section 35. Partial service pension. (1)

A member is eligible to receive a partial service pension if he:

(a) has completed at least 10 years of active duty as a full- or part-paid firefighter but has not both completed 20 years of service and reached age 50 as an active firefighter;

(b) is permanently separated from service;

(c) does not qualify for a disability pension under [section 37]; and

(d) does not receive a refund of his contributions under [section 26].

(2) The right to receive the pension vests upon the firefighter's permanent separation from service, but the payments may not begin until the date he would have both reached his 50th birthday and completed 20 years of service as a firefighter had his active duty not been terminated.

(3) A member who is eligible under subsections (1) and (2) is entitled to receive a partial pension consisting of monthly payments equal to 2% of the monthly salary last received by a member for each year of service as a firefighter up to a maximum of 60% of his final monthly salary.

(4) If the member dies after he is permanently separated from service and before he both reaches age 50 and completes 20 years of service as an active firefighter, the payments prescribed in subsection (3) must be made to the surviving spouse beginning on the date the firefighter would have both reached his 50th birthday and completed 20 years of service as an active firefighter and terminating upon the surviving spouse's death or remarriage. If there is no surviving spouse or if the surviving spouse dies or remarries and if the firefighter leaves one or more children under age 16, the children are entitled to receive the payments until the youngest reaches age 18 unless a child is attending an accredited, postsecondary educational institution as a full-time student in anticipation of receiving a certificate or degree. Such student is entitled to continue to receive payments until he reaches age 24.

(5) If the firefighter dies after he both reaches age 50 and completes 20 years of service as an active firefighter, the payments must be made to the surviving

1 spouse or children as provided in subsection (4).

2 NEW SECTION. Section 36. Board's determination of
3 disability. The board shall determine whether a member has
4 become disabled so as to permanently impair his ability to
5 discharge his normal duties as a firefighter. In making
6 this determination, the board, any board member, or any
7 authorized representative of the board may order medical
8 examinations, conduct hearings, administer oaths and
9 affirmations, take depositions, certify to official acts,
10 and issue subpoenas to compel the attendance of witnesses
11 and the production of books, papers, correspondence,
12 memoranda, and documents considered necessary as evidence in
13 connection with the claim for disability retirement. The
14 board shall secure medical service and advice necessary to
15 carry out the purpose of this section and shall pay for
16 these services and advice from the fund.

17 NEW SECTION. Section 37. Disability pension. (1) The
18 administrator shall pay a disability pension, out of the
19 fund, to a member who has become disabled as determined by
20 the board. The pension must equal one-half the regular
21 salary last received by the member for his service as an
22 active firefighter.

23 (2) A member who completes 20 years of service and
24 elects to serve additional years is entitled to receive the
25 pension provided for in subsection (1) increased at the rate

1 of 1% per year for each additional year of service
2 completed, up to a maximum of 60% of the monthly salary last
3 received by the member for his service as a firefighter.

4 (3) (a) The monthly pension paid to a member must be
5 at least one-half the regular monthly compensation paid to a
6 newly confirmed, active firefighter of that city, as
7 provided each year in the budget of that city.

8 (b) On or before April 1 of each year, the
9 administrator shall report to the state auditor the
10 difference between the amount originally received by members
11 retired after July 1, 1973, or their surviving spouses and
12 children from the fund under subsections (1) and (2) of this
13 section and one-half the regular monthly compensation paid
14 by the respective city or town to a newly confirmed, active
15 firefighter for the preceding year. This difference must be
16 paid by the state auditor after the end of the fiscal year
17 from the premium taxes on insurance risks enumerated in
18 19-11-512. The auditor shall deliver the payment to the
19 administrator for deposit in the fund.

20 NEW SECTION. Section 38. Cancellation of pension. If
21 an inactive member is determined by the board to be no
22 longer permanently disabled, his disability pension shall be
23 canceled as of the date of this determination, and the board
24 shall notify him of the determination. The board may review
25 the status of any inactive member at any time.

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1 ~~NEW SECTION.~~ Section 39. Reinstatement upon
 2 cancellation of pension. (1) Any inactive member whose
 3 disability pension is canceled as provided in [section 38]
 4 shall be reinstated to the position held by him immediately
 5 before his retirement. The board shall advise the employer
 6 that the disability pension has been canceled and that the
 7 inactive member is eligible for reinstatement to duty. The
 8 fact that he was retired for disability may not prejudice
 9 any right to reinstatement to duty that the inactive member
 10 may have or claim to have.

11 (2) If the inactive member again becomes an active
 12 member by returning to active work for an employer within 30
 13 days following his receipt of notice under [section 38], he
 14 shall be considered to have been continuously employed
 15 during the term of his disability. If the inactive member
 16 fails to become an active member by returning to active work
 17 for an employer within 30 days following receipt of such
 18 notice, his termination of employment shall be considered to
 19 have occurred as of his disability retirement date and the
 20 service pension, if any, to which he becomes entitled shall
 21 be determined accordingly.

22 ~~NEW SECTION.~~ Section 40. Pensions to surviving
 23 spouses or children. (1) The administrator shall pay, out of
 24 the fund, a monthly pension to the surviving spouse or
 25 children of a deceased member who on the date of his death

1 was an active member who had elected to retire from active
 2 service in the fire department and receive a service pension
 3 as provided for by [section 34] or who, prior to death, had
 4 suffered a sickness or injury and was receiving or was
 5 qualified to receive a disability pension as provided by
 6 [section 37]. The pension shall equal one-half the regular
 7 monthly salary last received by the deceased for his
 8 services as an active firefighter.

9 (2) If the deceased member had completed 20 years of
 10 service and had elected to serve additional years, the
 11 pension provided for in subsection (1) must be increased at
 12 the rate of 1% per year for each additional year of service
 13 completed, up to a maximum of 60% of the monthly salary last
 14 received by the deceased member for his service as an active
 15 firefighter.

16 (3) (a) The monthly pension paid to the surviving
 17 spouse or children of an active member who dies or elects to
 18 retire must be at least one-half the regular monthly
 19 compensation, excluding overtime and payments in lieu of
 20 sick leave and annual leave, paid to a newly confirmed,
 21 active firefighter of that city, as provided each year in
 22 the budget of that city.

23 (b) On or before April 1 of each year, the
 24 administrator shall report to the state auditor the
 25 difference between the amount originally received by members

1 retired after July 1, 1973, or their surviving spouses and
 2 children from the fund under subsections (1) and (2) of this
 3 section and one-half the regular monthly compensation paid
 4 by the respective city or town to a newly confirmed, active
 5 firefighter for the preceding year. This difference must be
 6 paid by the state auditor after the end of the fiscal year
 7 from the premium taxes on insurance risks enumerated in
 8 19-11-512. The auditor shall deliver the payment to the
 9 administrator for deposit in the fund.

10 (4) If a surviving spouse remarries, the survivorship
 11 pension terminates and cannot be reinstated. The pension
 12 provided for in this section may not be paid to a child of a
 13 deceased firefighter after he reaches age 18 unless he is
 14 attending an accredited, postsecondary educational
 15 institution as a full-time student in anticipation of
 16 receiving a certificate or degree. Such student is entitled
 17 to continue to receive payments until he reaches age 24.

18 ~~NEW SECTION.~~ Section 41. Payment of death benefits in
 19 absence of spouse or child. If a member dies without leaving
 20 a surviving spouse or child, the administrator shall compute
 21 the total contributions made to the fund by the deceased
 22 member, and if the deceased member had designated a
 23 beneficiary in writing to the administrator, the
 24 administrator shall issue a warrant for the amount of the
 25 total contributions payable to that beneficiary. If the

1 deceased member had not nominated a beneficiary, the
 2 contributions shall be paid to his estate.

3 ~~NEW SECTION.~~ Section 42. Supplement to certain
 4 retirement allowances. The administrator shall pay to a
 5 member retired before July 1, 1973, a monthly retirement
 6 pension of not less than one-half the regular monthly
 7 compensation, excluding overtime and payments in lieu of
 8 sick leave and annual leave, paid to a newly confirmed,
 9 active firefighter of the city that last employed him as a
 10 firefighter, as provided each year in the budget of that
 11 city. Distribution of the funds provided for this purpose
 12 under 19-11-606(1) shall be made as follows:

13 (1) At the beginning of each fiscal year the
 14 administrator shall request and the state auditor shall
 15 issue from the earmarked revenue fund and deliver to the
 16 administrator for deposit in the fund an amount equal to the
 17 total annual dollar difference between what the retiree or
 18 his surviving spouse and children originally received from
 19 the fund and one-half the regular monthly compensation paid
 20 by the respective city or town to a newly confirmed, active
 21 firefighter for the fiscal year just preceding.

22 (2) The administrator shall use the funds to increase
 23 the monthly retirement allowances of the retirees or their
 24 surviving spouses and children to an amount equal to
 25 one-half the salary that was paid to a newly confirmed,

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1 active firefighter in the respective city or town for the
2 preceding year.

3 ~~NEW SECTION.~~ Section 43. Protection of benefits from
4 legal process -- nonassignability. Any payments made or to
5 be made under [sections 1 through 44] are not subject to
6 judgments, garnishment, execution, or other legal process.
7 Except as provided in [section 44], a person entitled to a
8 pension may not assign the right and the board may not
9 recognize any assignment or pay over any sum so assigned.

10 ~~NEW SECTION.~~ Section 44. Withholding of group
11 insurance premium from retirement benefit. A retiree who is
12 a participant in an employee group insurance plan that
13 permits participation in the group plan following retirement
14 may elect to have the monthly premium for such group
15 insurance withheld by the administrator and paid directly by
16 the administrator to the insurance carrier. To qualify for
17 this withholding, a retiree must be a participant in a group
18 insurance plan available to the employees of his former
19 employer. No withholding may be made for any retiree covered
20 by an individual insurance policy.

21 Section 45. Section 19-9-1007, MCA, is amended to
22 read:

23 "19-9-1007. Supplement to certain pensions. (1) The
24 payment for each fiscal year to the police officers,
25 spouses, or minor children described in subsections (2)(a)

1 through (2)(c) may be not less than one-half of the base
2 salary paid in the previous calendar year in the appropriate
3 city or town to newly confirmed police officers, except that
4 for the fiscal year beginning July 1, 1979, all retirees and
5 their beneficiaries who received a supplement to their
6 retirement allowance on July 1, 1975, and are receiving an
7 allowance on July 1, 1979, shall receive a 2% increase in
8 their retirement allowance in lieu of any other increase.

9 (2) On or before April 1 of each year, the department
10 of administration shall make a report to the state auditor
11 including the following information:

12 (a) the names of all police officers who are receiving
13 payments from the plan as of the date of the report and were
14 receiving payments from a prior plan before July 1, 1975;

15 (b) the names of all spouses or minor children who are
16 receiving payments from the plan because of the death of a
17 police officer who was receiving payments from a prior plan
18 before July 1, 1975;

19 (c) the names of all spouses or minor children who are
20 receiving payments from the plan and who were receiving
21 payments from a prior plan before July 1, 1975, or in the
22 case of minor children, whose parent, the spouse of a police
23 officer, was receiving payments from a prior plan before
24 July 1, 1975;

25 (d) for the purpose of determining the base figure for

1 the computations set forth in subsection (3), the following
2 information relating to the base fiscal year commencing July
3 1, 1976:

4 (i) the amount of the payments made in the base fiscal
5 year to each police officer described in subsection (2)(a);

6 (ii) the amount of the payments made in the base fiscal
7 year to each spouse or minor child (or children) described
8 in subsection (2)(b) or (2)(c);

9 (iii) upon the death after April 18, 1977, of any
10 police officer on the retired list who was receiving
11 payments from a prior plan before July 1, 1975, and who is
12 survived by a spouse or minor children entitled to receive
13 payments from the plan, the amount which would have been
14 paid to an eligible spouse of such police officer had that
15 spouse been receiving payments in the base fiscal year;

16 (e) the base salary for the previous calendar year of
17 a newly confirmed police officer of each city or town
18 participating in the plan.

19 (3) The state auditor shall, upon receipt of the
20 report referred to in subsection (2), compute the difference
21 between each amount reported under subsections (2)(d)(i)
22 through (2)(d)(iii) and one-half the base salary for the
23 previous calendar year of a newly confirmed police officer
24 of the appropriate city or town. The difference shall be
25 paid by the state auditor out of the premium tax collected

1 on insurance sold in this state to insure against the risks
2 enumerated in 19-11-512~~(5)~~ to the administrator no later
3 than May 31 of each year. This payment is in addition to the
4 payment to be made by the state auditor under 19-9-702. The
5 administrator shall use the funds received under this
6 subsection to supplement the monthly payments to persons
7 described in subsections (2)(a) through (2)(c) so that the
8 requirements of subsection (1) are met.

9 (4) In addition to the payments made by the auditor as
10 provided in subsection (3), the auditor shall make annual
11 payments of \$100,000 on or before June 30 of each year until
12 the sum of \$500,000 has been paid to the administrator for
13 deposit in the retirement account. These payments are to be
14 made to reimburse the retirement account for funds advanced
15 to implement this section.

16 (5) If more than one minor child is entitled to
17 supplementary payments under this section by virtue of the
18 death of a common parent police officer, the minimum payment
19 to such minor children under this section shall be
20 determined as if there were one such minor child and the
21 supplementary payment shall be made to the minor children
22 collectively."

23 Section 46. Section 19-11-401, MCA, is amended to
24 read:

25 "19-11-401. Management of association. The management

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1 of the fire department relief associations in municipalities
 2 other than first and second class cities is vested in the
 3 boards of trustees, except as provided in 19-11-402 and
 4 19-11-403."

5 Section 47. Section 19-11-403, MCA, is amended to
 6 read:

7 "19-11-403. Investment of fund by board of
 8 investments. (1) When ~~Whenever~~ the average yield on
 9 investments of public retirement funds under the board of
 10 investments exceeds by 1% in any fiscal year the average
 11 yield on investments of the fund made pursuant to 19-11-402,
 12 the surplus money in the fund shall be remitted to the state
 13 treasurer for investment by under the direction of the board
 14 of investments as ~~is~~ provided in ~~19-11-302 for associations~~
 15 ~~in first and second class cities 17-6-204.~~ The department
 16 of community affairs shall advise the association of the
 17 current yield on investments of public retirement funds.

18 (2) As used in subsection (1), "surplus money" means
 19 the excess over the greater of the following:

20 (a) 1 1/2 times the monthly benefit paid in the
 21 preceding month; or

22 (b) \$5,000."

23 Section 48. Section 19-11-504, MCA, is amended to
 24 read:

25 "19-11-504. Amount of special tax levy. (1) Whenever

1 the total amount of the fund is less than 2% of the taxable
 2 valuation of all taxable property within the limits of the
 3 city or town, the special tax levy shall be:

4 (a) not less than 1 mill or more than 4 mills on each
 5 dollar of taxable valuation of all taxable property within
 6 the limits of the city or town; and

7 (b) an amount sufficient to provide a growth per year
 8 in the fund, considering all sources of income to the fund
 9 and the payment of obligations out of the fund, equal to the
 10 sum produced by 1 mill levied on the taxable valuation of
 11 all the taxable property in the city or town.

12 (2) The special tax levy shall be a fractional part of
 13 1 mill whenever:

14 (a) the total amount of the fund is less than 2% but
 15 more than 1% of the taxable valuation of all taxable
 16 property within the city or town; and

17 (b) the special tax levy of a fractional part of 1
 18 mill will produce sufficient revenue to cause the fund,
 19 considering all sources of income to the fund and all
 20 payments to be made out of the fund, to exceed 2% of the
 21 taxable valuation of all taxable property within the city or
 22 town.

23 (3) In cities of the third class, when ~~Whenever~~ the
 24 fund contains an amount which is less than 2% of the taxable
 25 valuation of all taxable property in the city or town, the

1 city council shall levy an annual special tax of not less
2 than 1 mill and not more than 4 mills on each dollar of
3 taxable valuation of all taxable property within the city or
4 town."

5 Section 49. Section 19-11-512, MCA, is amended to
6 read:

7 "19-11-512. State auditor to pay association out of
8 insurance premium taxes. ~~{1} At the end of the fiscal year~~
9 ~~the state auditor shall issue and deliver the payment~~
10 ~~described in this subsection to the board of investments to~~
11 ~~be credited to the account of each fire department relief~~
12 ~~association of any city or town of the first or second class~~
13 ~~which has a fire department relief association entitled by~~
14 ~~law to receive payments. The state auditor shall at the~~
15 ~~same time report to the treasurer of the association the~~
16 ~~amount of the payments. The payment shall be for the use and~~
17 ~~benefit of the association. It shall be paid out of the~~
18 ~~premium taxes on insurance risks enumerated in subsection~~
19 ~~{6} collected by the state auditor and shall be equal to 10%~~
20 ~~of the total annual compensation paid by the city or town to~~
21 ~~its paid or part-paid firefighters for services in the~~
22 ~~previous calendar year. The city clerk of the city or town~~
23 ~~shall certify in writing to the state auditor on or before~~
24 ~~April 1 of each year the amount paid by the city or town as~~
25 ~~compensation for services to paid or part-paid firefighters~~

1 ~~{2} When there is a disaster resulting in death or~~
2 ~~injury sufficient to draw the pensions of 10% of the active~~
3 ~~forces and the funds after receiving all moneys provided for~~
4 ~~in 19-11-501, 19-11-503, 19-11-504 and subsection {1} of~~
5 ~~this section does not show at least the 1 mill growth~~
6 ~~referred to in 19-11-504 the treasurer of the association~~
7 ~~shall request and the state auditor shall issue and deliver~~
8 ~~an additional payment under the same conditions described in~~
9 ~~subsection {1}. The payment shall be in an amount sufficient~~
10 ~~to cause at least the above mentioned 1 mill growth in the~~
11 ~~funds~~

12 ~~{3} If a city is not entitled to receive a sum equal~~
13 ~~to 1 1/2 mills of its total taxable value under subsections~~
14 ~~{1} and {2} the payment shall be made in the amount~~
15 ~~provided in subsections {4} and {5} for cities of the third~~
16 ~~class and in the manner described in subsection {1}.~~

17 ~~{4} (1) At the end of the fiscal year, the state~~
18 ~~auditor shall issue and deliver the warrant described in~~
19 ~~this subsection to the treasurer of every city or town~~
20 ~~except cities and towns of the first or second class, which~~
21 ~~that has a fire department relief association entitled by~~
22 ~~law to receive payments. The warrant shall be for the use~~
23 ~~and benefit of the association. It shall be for an amount~~
24 ~~equal to 1 1/2 mills of the total taxable value of the city~~
25 ~~or town and shall be paid out of the premium taxes on~~

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1 insurance risks enumerated in subsection ~~(4)~~ ~~(1)~~ collected
2 by the state auditor.

3 ~~(5)~~~~(2)~~ If the payment provided for in subsection ~~(4)~~
4 ~~(1)~~ is less than \$100, an additional payment shall be made
5 from the same tax moneys so that the total amount received
6 is \$100.

7 ~~(6)~~~~(3)~~ The risks referred to in ~~subsections~~ ~~subsection~~
8 ~~(1)~~ and ~~(4)~~ are:

9 (a) insurance of houses, buildings, and all other
10 kinds of property against loss or damage by fire or other
11 casualty;

12 (b) all kinds of insurance on goods, merchandise, or
13 other property in the course of transportation, whether by
14 land, water, or air;

15 (c) insurance against loss or damage to motor vehicles
16 resulting from accident, collision, or marine and inland
17 navigation and transportation perils;

18 (d) insurance of growing crops against loss or damage
19 resulting from hail or the elements;

20 (e) insurance against loss or damage by water to any
21 goods or premises arising from the breakage or leakage of
22 sprinklers, pumps, or other apparatus;

23 (f) insurance against loss or legal liability for loss
24 because of damage to property caused by the use of teams or
25 vehicles, whether by accident or collision or by explosion

1 of any engine, tank, boiler, pipe, or tire of any vehicle;
2 and

3 (g) insurance against theft of the whole or any part
4 of any vehicle."

5 Section 50. Section 19-11-514, MCA, is amended to
6 read:

7 "19-11-514. State treasurer to pay warrants. The state
8 treasurer is hereby authorized and directed, upon the
9 presentation to him of a warrant drawn pursuant to this
10 chapter, to pay:

11 ~~(1)--in-the-case-of-a-municipality-other-than-a-city-of~~
12 ~~the--first--or--second--class,~~ to the treasurer of the city or
13 town, out of moneys in the earmarked revenue fund dedicated
14 for such purpose, the amount of such warrant specified,
15 which amount shall be paid by said city treasurer to said
16 fire department relief association;

17 ~~(2)--in--the--case--of--a--city--of--the--first--or--second~~
18 ~~class--to--the--board--of--investments--to--be--credited--to--the~~
19 ~~account--of--the--fire--department--relief--association--out--of~~
20 ~~the--money--in--the--earmarked--revenue--fund--dedicated--for--such~~
21 ~~purpose--the--amount--of--the--warrant."~~

22 Section 51. Section 19-11-606, MCA, is amended to
23 read:

24 "19-11-606. Supplement to certain pensions. (1) In
25 addition to the taxes on premiums required by law to be paid

1 by each insurer doing business in this state that is
 2 authorized to effect insurance on risks enumerated in
 3 19-11-512, there is a tax of 1 1/2% on the fire portion of
 4 the direct premiums received during the calendar year of
 5 1975 and each succeeding year, with allowance for
 6 cancellations and returned premiums. The insurance
 7 commissioner shall collect the tax during March of each year
 8 and deposit the moneys in the earmarked revenue fund. The
 9 auditor shall pay claims as provided in ~~[section 42]~~ and
 10 subsection (2) of this section. As those persons who are to
 11 receive the fund die, the tax shall be reduced
 12 proportionately, and when no eligible person, as defined by
 13 ~~[section 42]~~ and subsection (2), survives, the tax
 14 terminates and the remaining fund, if any, shall be
 15 transferred to the general fund.

16 (2) Effective January 1, 1976, each association shall
 17 pay to the firefighters retired before July 1, 1973, or
 18 their surviving spouses and children a monthly pension of
 19 not less than one-half the regular monthly salary paid to a
 20 confirmed active firefighter of that city, as provided each
 21 year in the budget of that city. In the case of volunteer
 22 firefighters, the pension may not exceed \$75 per month.
 23 Distribution of the funds provided for this purpose under
 24 subsection (1) shall be made as follows:

25 (a) At the beginning of each fiscal year the treasurer

1 of each association shall request and the state auditor
 2 shall issue from the earmarked revenue fund and delivery ~~in~~
 3 ~~the case of a municipality other than a city of the first or~~
 4 ~~second class~~ to the treasurer of the respective city or
 5 town ~~or in the case of a city of the first or second class~~
 6 ~~to the board of investments to be credited to the account of~~
 7 ~~the fire department relief association~~ an amount certified
 8 to be equal to the total annual dollar difference between
 9 what the retirees or their surviving spouses and children
 10 received from the fund and one-half of the salary paid by
 11 the respective city or town to a confirmed active
 12 firefighter for the fiscal year just preceding. The state
 13 auditor shall, at the same time, report to the treasurer of
 14 the appropriate association the amount of any payment
 15 delivered to the board of investments.

16 (b) The treasurer of a city or town receiving funds
 17 shall immediately disburse them to the treasurer of the
 18 respective association.

19 (c) The treasurer of the association shall utilize
 20 these funds to increase the monthly pension of retirees or
 21 their surviving spouses and children to an amount equal to
 22 one-half of the salary that was paid to a confirmed active
 23 firefighter in the city or town for the preceding year."

24 Section 52. Section 19-12-301, MCA, is amended to
 25 read:

1 "19-12-301. Fire insurance premium tax to be paid into
2 fund. The state auditor and ex officio commissioner of
3 insurance shall annually deposit in the volunteer
4 firefighters' fund a sum equivalent to 5% of the premium
5 taxes collected from insurers authorized to effect insurance
6 against risks enumerated in 19-11-512, computed after the
7 amounts provided for by [section 28] and 19-11-512 have
8 first been deducted. The moneys shall be used for the
9 payment of claims and administrative costs as provided in
10 this chapter."

11 Section 53. Repealer. Sections 19-11-301 through
12 19-11-303, MCA, are repealed.

13 Section 54. Effective date. This act is effective on
14 passage and approval.

-End-

STATE ADMINISTRATION
FEBRUARY 11, 1981
RM 436

The meeting of the State Administration Committee was called to order at 8:00 a.m. on February 11, 1981 with Vice-Chairman Walter Sales presiding. All members were present except Representative Azzara who was absent and Representative Feda who was excused.

The meeting was opened to a Hearing on House Bill 674.

HOUSE BILL 674-SPONSOR, Representative Fabrega, introduced HB 674 to the committee. This bill, the Montana Firefighter Unified Retirement Act, unifies the fire department relief assoc. in first- and second-class cities under a single administration. It provides for a retirement board to administer the pension plan, defines service, disability, and survivorship benefits for members of the plan; provides for the investment of the retirement funds, requires employee, employer, and state contributions, and provides an automatic, salary-related cost-of-living adjustment for members and their beneficiaries. Representative Fabrega went through each section of the bill and explained the mechanics and the rationale behind the bill. He stressed that we cannot keep passing this unfunded liability on to the future. This bill provides a way of funding this liability. He said that it is not an overnight process but within 40 years the system will be actuarially sound.

PROPOSERS

RAY BLEM, Montana State Firemen's Assoc., arose in support of HB 674 and gave a brief history of how this bill was put together. He said that they had been working since July to put this legislation together. Under a unified plan there would be less impact to the system in a disaster situation.

AL SAMPSON, Montana State Fire Chiefs Assoc., stated that this is not a pension reform bill. There is no basic increase in benefits. In fact, he stated, the present firefighters will pay an additional 1% of their salary. This bill will provide that money that goes into the retirement system from the cities will be based on a percentage of salaries.

LARRY NACHTSHEIM, P.E.R.S., stated that they support the concept of the bill. He said that the committee should carefully consider the following sections of the bill: 9, 11, 15, 23, 34-3b, 36, 37-3b, 40-3b, and 46. He said that this bill gets funding from two sources. The contributions of the employees of 1% for administrative costs and also funding from the insurance premium tax fund. A copy of his statement is attached.

RICH BROWN, Mayor of Helena, stated that there are some details in the bill they would like to see worked out but they are in support of this type of unified system.

OPPONENTS

PAUL LAISY, Missoula Rural Fire Department, stated that they are not really opposed to the bill but are opposed to the fact that this bill does not allow paid firefighters to take part in the plan. He said it is discriminatory in that manner. He said he would like to see an amendment to the bill that would allow third class cities to participate.

AL THIELAN, City Administrator, city of Billings, said that he agreed with Representative Sales that this bill along with a couple other firefighters' bills should be put into a sub-committee. He said they are opposed to several areas of the bill. He explained these disagreements to the committee. A copy of his prepared statement is attached and is EXHIBIT 1 of the minutes.

JOE WOLF, Budget Director, Butte Silver Bow, stated that they are not opposed to the concept of the bill but he concurred with Mr. Thielan that the bill needs work.

QUESTIONS BY THE COMMITTEE:

McBride: Are there many systems that do not go through the board for investment of their funds?

Nachtsheim: The only ones that have authority to stay out are locally administered funds, fire departments of third-class cities etc.

McBride: What is the reasoning behind not wanting to be under the board of investments in this bill?

Blem: In 1973 we were put under the Short Term Investment Policy (STEP). We feel we can go back to investing our funds and improve our investment earnings.

Representative Fabrega closed the hearing on House Bill 674. He said that he could understand Mr. Thielan's concerns but the basic bill is good and these problems can be worked out.

HOUSE BILL 674

Larry Nachtshin
2/11/81

HOUSE BILL 674 IS DESIGNED TO CREATE A UNIFIED FIREFIGHTERS' RETIREMENT SYSTEM. WE SUPPORT THIS CONCEPT.

WE RECOMMEND THAT THE COMMITTEE GIVE A VERY CAREFUL REVIEW TO THE FOLLOWING SECTIONS IN ORDER TO FULLY UNDERSTAND THE TOTAL EFFECT OF THIS BILL.

SECTIONS 9, 11, 15, 23, 34(3B), 36, 37(3B), 40(3B) AND 46.

FUNDING FOR THE CHANGES MADE IN THIS BILL IS FROM TWO SOURCES.

- (1) 1% INCREASE IN THE FIREMEN'S CONTRIBUTION RATE WHICH MAY PAY THE ADMINISTRATIVE EXPENSE; AND,
- (2) THE INSURANCE PREMIUM TAX FUND WHICH WILL BE REQUIRED TO PAY THE COST OF LIVING ADJUSTMENTS FOR FIREMEN WHO RETIRE AFTER JULY 1, 1973, THE AMOUNT THAT IS CURRENTLY PAID BY THE INDIVIDUAL CITIES.

VISITORS' REGISTER

HOUSE

COMMITTEE

Date _____

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STATE ADMINISTRATION
FEBRUARY 23, 1981
RM 436

EXECUTIVE SESSION

The meeting of the State Administration Committee was called to order at 8:00 a.m. on Monday, February 23, 1981 with Chairman Jerry Feda presiding. All members were present except Representatives Dussault and Azzara who were absent and Representative Briggs who was excused.

HOUSE BILL 736-hearing 2/19

TABLED

Representative Spilker moved that HB 736 be TABLED. Question was called and a vote taken. Motion carried with 16 YES, 1 NO and 2 absent. Representative McBride voted no and Representative Briggs left a proxy vote of yes.

SUB-COMMITTEE REPORT ON FIREFIGHTER BILLS:

Representative Sales explained what the sub-committee had done with the firefighter bills. He said they consolidated the information in HB 553 (Brand), HB 745 (Bardanouve), and HB 674 (Fabrega) into one bill. The bill will be numbered HB 674. The actuarial showed that 43% contributions would be needed to fund the program. In the present system 26.16% contributions are funding the retirement system. This is why the system is in trouble. The committee came up with the following: Employee contributions will be 7% for both old and new firefighters. This is a 1% increase for the old firefighters, which they agreed to, that will help to fund two additional benefits, the advisory council and orphan benefits. The city contribution will be 12% the first year, 15% the second year and 18% the third year. The state contribution will be 18%. This is a total of 43%, the amount needed to keep the system totally funded. There will be a actuarial study every 2 years and at the end of 4 years there will be a comparative evaluation and there could be some adjustments of the contributions at that time. Representative Sales said that he did not expect a decrease in contributions for 15 to 20 years. A summary of the bill is attached and is EXHIBIT 1 of the minutes.

HOUSE BILL 674

DO PASS AS AMENDED

Representative Mueller moved that the escalator provision be taken out of the bill. (see exhibit 1) This was also the recommendation of the sub-committee. It was brought out that the Judges Retirement System is the only one that

EXECUTIVE SESSION (cont.)

Following Discussion, a vote was taken on the motion and carried with 12 YES, 4 NO and 3 absent. Representatives Kennerly, McBride, O'Connell and Pistoria voted no. Representatives Azzara, Dussault and Hanson were absent.

Representative Sales made a motion that HB 674 DO PASS AS AMENDED. A vote was taken and carried unanimously with those present.

As a matter of note, those present at the sub-committee meetings were: group representing the firefighters and representatives of the League of Cities and Towns (Dan Mieznar), Dennis Taylor, Budget Director, Helena, Al Thelen, City Manager, Billings, Ray Blem, firefighter, Billings, Larry Nachtsheim, PERS, and the sub-committee members Representatives Sales, Kropp and Kennerly.

HOUSE BILL 779-hearing 2/19

TABLED

Representative Spilker said that she would like to make a motion to amend the salary of the commission from \$45 to \$25 so it would be comparable with other commissions.

A vote was taken on this motion and carried unanimously.

Representative McBride made a motion that HB 779 DO PASS AS AMENDED. Discussion followed.

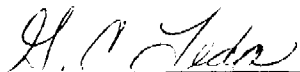
Representative Kropp made a substitute motion to TABLE HB 779.

Representative McBride said that it would be better to pass the bill out as a DO NOT PASS.

Following Discussion, a vote was taken and carried with 12 YES, 3 NO and 4 absent. Representatives O'Connell, Kennerly and McBride voted no.

A motion was made to adjourn at 9:00 a.m.

Respectfully submitted,



G. C. "JERRY" FEDA, Chairman

Cathy Martin-Secretary

MONTANA FIREFIGHTERS' UNIFIED RETIREMENT ACT

This act consolidates the pension plans for paid firefighters in first- and second-class cities under a centrally administered system.

ADMINISTRATION: Public Employees' Retirement Board and Public Employees' Retirement Division

INVESTMENT OF FUNDS: State Board of Investments

CONTRIBUTION RATES: Members: 7% of salary
State: 18% of total salaries (Insurance Premium Tax)
City: 12% of salaries (1981)
15% (1982) 18% (1983)*

ACTUARIAL VALUATIONS: Every even-numbered year

BENEFITS: (old vs. new members)

Basic benefits for members hired before July 1, 1981, will remain unchanged. In exchange for the 1% increase in the employee contribution rate from 6% to 7% of salary, these firefighters, as well as those hired on or after July 1, 1981, will receive interest on their withdrawn contributions and an extension in survivorship benefits until age 24 for a dependent child who is attending a postsecondary institution. In addition, a portion of the employer contribution will also be paid to the Montana State Firemen's Association to defray expenses incurred by the association when representing members of the plan. The chart below compares the benefits of old and new members.

<u>SERVICE:</u> (minimum retirement age 50)	MEMBERS HIRED BEFORE 7/1/81	MEMBERS HIRED ON OR AFTER 7/1/81
Full Benefit:	(20 or more years and age 50 as active firefighter): 1/2 final monthly salary plus 1% of salary for each year over 20 up to maximum of 60% of salary	(25 or more years): 2% of final average salary for each year up to maximum of 30 years**

Escalator Provision***

HB 674 Summary (cont.)

Partial Benefit:	(10-19 years; 20 or more years and <u>not</u> age 50 as active firefighter): 2% of final monthly salary up to maximum of 60% of salary	(10-24 years): 2% of final average salary
------------------	--	---

<u>DISABILITY</u> (eligible at any age regardless of years of service)	1/2 final monthly salary plus 1% of salary for each year over 20 up to maximum of 60% of salary	1/2 final average salary plus 2% of salary for each year over 25 up to maximum of 5 additional years
---	---	--

Escalator Provision

<u>SURVIVORSHIP:</u> (eligible at any age regardless of years of service)	Same as above	1/2 final average salary
--	---------------	--------------------------

* Following the 1984 actuarial valuation, some cities may be required to make supplemental payments to reduce unfunded liabilities from prior pension plans.

** "Final average salary" means the monthly salary of a member averaged over the last 36 months of his active service.

*** "Escalator Provision" means that a member's or survivor's benefit may not be less than one-half the monthly compensation paid to a newly confirmed, active firefighter of a city that last employed the member as a firefighter.

)

NOTE: A statement of intent is required for HB 674.
The committee neglected to vote on the statement
during the meeting therefore the Chairman took a
vote of the members at a later time during the day
and the vote carried to adopt the statement of intent.
A copy of the statement is attached.

STATEMENT OF INTENT

HOUSE BILL 674

HOUSE STATE ADMINISTRATION COMMITTEE

A statement of intent is required for this bill in that delegates rule-making authority to the Public Employees' Retirement Board for the proper administration of the 'Montana Firefighters' Unified Retirement System."

It is contemplated that the rules will address the following:

1. Interpretation and enforcement of the provisions of this Act.
2. Establishment of uniform rules to administer the provisions of this Act.
3. Determine the conditions under which a person may become a member and receive benefits under the retirement system.
4. Determine ~~and modify~~ retirement disability and survivorship allowances under the provisions of this Act.
5. Establish policy for the maintenance of records and accounts for administering the retirement system.
6. Selection procedures for contracting with a qualified actuary to conduct actuarial valuation of the system.

First adopted by the House State Administration Committee on the 23rd day of February, 1981.

AMENDMENTS TO HB 674:

1. Title, line 7.
Following: "19-11-512"
Strike: "."
Insert: "through"

2. Title, line 9.
Following PROVIDING"
Strike: "AN IMMEDIATE"
Following: "EFFECTIVE"
Strike: "DATE"
Insert: "DATES"

3. Pages 1 through 39.
Strike: all of the bill following the enacting clause
Insert:.....

MR. DAVE SEXTON, Montana Education Association, stated his support of HB 45 and the amendments to the bill.

There were no opponents to the bill.

REP. VINCENT, in closing, stated that he was committed to helping those who need help most and that he has not submitted a technical amendment. He stated that the \$1.50 figure could be plugged into the bill, if so desired. He added that the maximum allowed is \$15.00 per month.

MR. ELTON HEDINGSTON, Actuary, stated that the current minimum for the Highway Patrol is \$300 and that it would be increased to \$450. He stated that the minimum is available only to those who work a full 30 years. He stated that, in the past, when increases were contributed on the part of the employee and the employer, these contributions went for other benefits and not for retirement benefits. He stated that the amount of funding would increase each biennium as salaries increased and that this is a valid point of concern.

CHAIRMAN LUND asked if it were appropriate for the 47th Legislature to bind the next legislature.

REP. COZZENS stated that people on social security do receive cost of living increases.

MR. G. V. ERICKSON, stated that perhaps 95% of retired teachers in the state are on Social Security. He stated that the only ones who aren't are a few small rural districts.

REP. SHONTZ stated that the Reagan Administration plans to do away with cost-of-living increases for Social Security.

HB 674.

REP. JAY FABREGA, District 74, Great Falls, testified as sponsor of HB 674. (Exhibit attached-Amendment A).

REP. FABREGA stated that one-fifth of one percent would go to the Firemens Association to cover the cost of administration. He stated that 7% would be withheld from the employee's salary of which 6/7 would be paid to the retirement fund and 1/7 to cover the cost of insurance. He stated that 4/5 of 1% would have gone into life insurance.

REP. FABREGA provided the members of the Committee with copies of Amendment B, (attached). He stated that the Amendment would cover lay-offs on a last hired, first to be laid-off, basis, with temporary rehire on a seniority basis and that it would allow retirement benefits to be withdrawn by the employee. He stated that the employee would have six months to repay the funds if he were rehired and that there was no objection from

the cities to this plan.

REP. FABREGA, provided the members of the Committee with Amendment C, which provides an escalator clause for survivor benefits. (Copy attached). He stated that firemen are not covered by social security and that survivors would be covered under the amendment.

REP. FABREGA stated that State participation would go from 10% to 18%. He stated that the 2 and 3/4% premium tax is considerably more than the corporation license tax, but feels this increase is justified, as the pension was funded in an irresponsible manner in the past. He stated that unfunded liability is increasing and that the estimated impact is \$750,000 annually.

MR. AL THELEN, Billings City Administrator, stated his support of HB 674. He stated that Hendrickson and Berg provided actuarial reports in 1977 and 1979. He stated that the unfunded liability was \$23,000,000 in 1977 and \$33,000,000 in 1979. He added that the anticipated unfunded liability is \$40,000,000 in 1981.

MR. TPELEN stated that the unfunded liability in Billings increased by 5.2% in 1977 and 8.2% in 1979. He stated that the unfunded liability for police retirement was \$10,700,000 which was reduced to \$4,600,000.

MR. THELEN stated that the bill provides for a grandfather clause and that it appears that the pension system may not be able to be funded in the future. He stated that it would take a 43% increase to make the bill actuarially sound.

MR. RAY BLEHM, stated that some cities, such as Anaconda, may not have a Fire Department in the future, due to economic changes. He stated that the escalator clause would be financed by the city portion of the funding. He added that new firemen would retire on their last three years' average salary instead of on the last month's salary and will need to now serve 25 years instead of 20 years and be 50 years of age, at the time of retirement.

MR. DENNIS TAYLOR, Budget Director, City of Helena, stated his support of HB 674. He stated that the bill would correct past errors and create a fiscally sound base.

REP. JOE BRAND, District 28, Deer Lodge, stated his support of the bill. He stated that the Auditor's office stated that as much is going into the general fund at the 18% increase as before and that there is no loss of funds.

VISITORS' REGISTER

HOUSE

COMMITTEE

BILL

Date

SPONSOR

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
J. Dolan	Great Falls	City of	X	
M. Karlovich	Great Falls	City of	X	
W. H. H. H.	Bozeman	City of	X	
Ed. Johnson	Bozeman	City of	X	
Pete Peterson	Bozeman	City of	X	
Norm Pickens	Missoula	Mt. St. Francis Assoc.	X	
Ray Blehm	Billings	Mt. St. Francis Assn.	X	
Deane Taylor	Helena	City of Helena	X	
C. P. Hagan	Helena	Retired Teacher	X	
Dr. W. F. Farnum	Livingston	Mt. St. Francis Hosp.	X	
Robert McPherson	Great Falls	" " "	X	
Alvin Alvarado	Chandler	" " "	X	
Thomas H. H.	Helena	Mt. St. Francis	X	
Harry Gault	Helena	Mt. St. Francis Hosp.	X	
Jim R. R.	BUTTE	Mt. St. Francis Hosp.	X	
JOHN PAUL	BUTTE	Mt. St. Francis Hosp.	X	
Tim McCarthy	Butte	Mt. St. Francis Hosp.	X	
Doc Brand	Deer Lodge	self	X	
Ed Harvett	Helena	self	X	
Geo. W. Long	Helena	Sch. Dir. of MT	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENTS WITH SECRETARY

WITNESS STATEMENT

NAME DENNIS M. TAYLOR BILL No. HB674
ADDRESS 316 N. PARK HELENA DATE 3-23-81
WHOM DO YOU REPRESENT CITY OF HELENA
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

WITNESS STATEMENT

NAME Ray Blehm BILL No. H.B. 674
ADDRESS 623 Ave B DATE 3-23-1981
WHOM DO YOU REPRESENT Mt St Firemen's Assn
SUPPORT X OPPOSE _____ AMEND X

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

on separate letter

WITNESS STATEMENT

NAME Van Eickson BILL No. 674
ADDRESS 7102 Siesta DATE 3/23/81
WHOM DO YOU REPRESENT Mont. State Fireman's Assoc.
SUPPORT X OPPOSE _____ AMEND X

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Amendments on separate letter.

WITNESS STATEMENT

NAME AL Sampson BILL No. 674
ADDRESS Missola, MT DATE 3-23-81
WHOM DO YOU REPRESENT City of Missoula
SUPPORT ☒ Missoula Fire Chiefs Assoc.
OPPOSE ☐ AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Although we feel the increased
cost to the cities are not entirely
justified it does fairly put
the firefighter pension system
ⁱⁿ ~~and~~ a stronger financial position.
We support the bill and
the amendments.

MONTANA STATE FIREMENS ASSN.
RAY E. BLEHM, JR.

3-23
Exhibit

IN SUPPORT OF AN AMENDMENT TO HB 674 TO INCLUDE THE PENSION ADJUSTMENT CLAUSE FOR DISABILITY AND SURVIVORSHIP PENSIONS FOR FIREFIGHTERS HIRED AFTER JULY 1, 1981 THE FOLLOWING POINTS ARE SET FORWARD.

1. THE PRIMARY REASON FOR THE INCLUSION OF THIS AMENDMENT INVOLVES AN AGREEMENT REACHED BETWEEN THE REPRESENTATIVES OF THE CITIES AND THE FIREMEN DURING THE TIME WHEN THIS BILL WAS BEFORE THE HOUSE STATE ADMINISTRATION COMMITTEE. THE FIREMEN AGREED TO BENEFIT CHANGES WHICH REDUCED THE NORMAL COST ALLOCATION FOR NEW FIREFIGHTERS BENEFITS BY 30% WHEN COMPARED TO THE BENEFITS PROVIDED FOR CURRENT EMPLOYEES, THE REPRESENTATIVES OF THE CITIES AGREED TO INCLUSION OF THE PENSION ADJUSTMENT CLAUSE. INASMUCH AS THE COST OF THIS PROVISION WOULD BE BORN BY THE CITIES PORTION OF THE FUNDING PROVIDED BY THIS BILL THE FIREMEN WERE UNDER THE IMPRESSION THIS AGREEMENT WOULD BE VALID AND HOLD. WHAT HAPPENED TO THIS PROVISION IN THE STATE ADMINISTRATION COMMITTEE & THE HOUSE FLOOR IS HISTORY. THE FIREMEN'S ASSOCIATION IS NOW WILLING TO SUPPORT THIS LEGISLATION IF THIS PARTIAL COVERAGE CAN BE PUT IN PLACE TO PROTECT THOSE WHO SUFFER A DISABILITY OR TO THE SURVIVORS OF DECEASED FIREFIGHTERS. THIS PARTIAL PROVISION SHOULD BE LESS THAN 1/3 THE COST OF PROVIDING COVERAGE TO ALLOW NEW FIREFIGHTERS OR LESS THAN 2% OF SALARY.

2. FIREFIGHTERS RECEIVE NO SOCIAL SECURITY COVERAGE IN THE STATE OF MONTANA AND THEREFORE WOULD NOT HAVE THE ADVANTAGE OF PENSIONERS WHO HAVE SOCIAL SECURITY COVERAGE.

3. FAILURE TO INCLUDE THIS PROVISION WOULD LOWER THE NORMAL COST ALLOCATION FOR NEW FIREFIGHTERS BELOW ANY OF THE OTHER HAZARDOUS

DUTY OCCUPATIONS WHEN IT IS CLEAR FROM AVAILABLE STATISTICS THAT FIRE-FIGHTING IS THE MOST HAZARDOUS OCCUPATION IN THE UNITED STATES.

4. THE PENSION ADJUSTMENT CLAUSE IS AN INDEX WHICH HAS THE ADVANTAGE OF PREFUNDING AS OPPOSED TO THE UNRELIABLE AND MORE COSTLY APPROACH OF AD HOC RAISES.

IN SUPPORT OF THE AMENDMENT PROPOSED BY P.E.R.D. TO CLARIFY THE HANDLING OF THE 7% MEMBER CONTRIBUTION.

THE FIREMEN SUPPORT CHANGES PROPOSED BY P.E.R.D. MAINLY BECAUSE THEY UNDERSTAND THE PROBLEM CAUSED TO THE ACCOUNTING SYSTEM IF THIS LEGISLATION WERE TO BE IMPLEMENTED AS IS. BY HAVING 1% OF SALARY GO DIRECTLY TO THE STATE ASSOCIATION THIS AMENDMENT WILL CAUSE SOME CHANGE TO THE EMPLOYEE WHO SEPARATES FROM SERVICE PRIOR TO ATTAINING ANY RETIREMENT BENEFIT. HE WILL RECEIVE A RETURN OF CONTRIBUTION AMOUNTING TO ONLY 6% OF SALARY. ALSO ACTIVE EMPLOYEES WILL BE ABLE TO DEDUCT THE 1% OF SALARY FROM CURRENT TAX LIABILITY RATHER THAN WAIT UNTIL RETIREMENT TO COUNT CONTRIBUTIONS AGAINST RETIREMENT INCOME.

THIS CHANGE ALSO WILL RESULT IN A TRANSFER FROM THE RETIREMENT FUND TO THE STATE ASSOCIATION OF THE LIABILITY TO PROVIDE THE INSURANCE COVERAGE RECEIVED BY CURRENT EMPLOYEES.

REP. L. H. NILSON
DISTRICT 37

3-23
Exhibit

Montana State Firemens Association - Ray E. Blehm

In support of an amendment to HB 674 to allow a firefighter to leave his contributions on deposit with the system in the event of a reduction in force.

This bill as currently written would require a member who is layed off with less than 10 years of service to withdraw his contributions as provided by section 17, line 4, ~~which~~ provides that an active member shall withdraw the amount of his regular contributions. It is the feeling of the firefighters that this should be changed to "may" withdraw and that language should be added to section 16, providing that an inactive membership of a layed off member be placed in this status as follows:

(c) the date he ceases to be employed because of a reduction of the number of firefighters in the fire department as prescribed in 7-33-4125, MCA"

MINUTES OF THE MEETING OF THE HOUSE APPROPRIATIONS
COMMITTEE
March 29, 1981

Page 5

HB 658.

REP. SHONTZ moved that HB 658 do pass. The MOTION was APPROVED with 11 members voting aye and five voting no.

HB 665.

REP. LORY moved that HB 665 be tabled. The MOTION was APPROVED with 12 members voting aye and four voting no.

HR. 674.

MR. RAY BLEHM, Firemen's Representative, City of Billings and Billings Fireman, stated that Amendment A was requested by PERS for administrative purposes. Mr. Blehm stated that Amendment B is to leave funds in PERS for temporary layoffs, etc. He stated that Amendment C leaves an escalator clause in place. He stated that fiscal note revisions would cut costs by \$693,000 for the biennium.

REP. BARDANOUVE moved that the Committee approve Amendments A, B, C, and D to HB 674. The MOTION was UNANIMOUSLY APPROVED by the Committee members.

REP. BARDANOUVE moved that HB 674 do pass as amended. The MOTION was UNANIMOUSLY APPROVED.

HB 676.

REP. QUILICI moved that the Committee pass on HB 676 for the day. The MOTION was UNANIMOUSLY APPROVED.

HB 688 and HB 691.

REP. BARDANOUVE moved that HB 688 and HB 691 be tabled. The MOTION was APPROVED, with 13 members voting aye and three voting no.

HB 45.

REP. QUILICI moved that HB 45 be amended to a \$1.50 increase on page 4, line 8 of the bill.

CHAIRMAN LUND stated that this would bring the bill to \$2,000,000. The MOTION as made by REP. QUILICI, FAILED, with 13 members voting no, one member voting aye and two members absent.

REP. QUILICI moved that HB 45 do pass in its original state. The MOTION was APPROVED with 13 members voting aye and two voting no. REP. LORY ABSTAINED.

A

PROPOSED AMENDMENT "A" to HOUSE BILL 674

1. Page 9, line 3.
Following: "board"
Strike: remainder of line 3
2. Page 9, lines 11 through 15.
Following: Line 10
Strike: subsection (2) in its entirety
3. Page 17, lines 8 through 16.
Following: "contributions."
Strike: remainder of NEW SECTION 27
Insert: "Each employer shall retain from the monthly compensation of each active member a sum equal to 7% of his monthly compensation as a firefighter. The employer shall report and remit monthly this deduction as follows:
 - (1) 6% of the monthly compensation retained by the employer shall be paid to the administrator who shall deposit them in the fund; and
 - (2) 1% of the monthly compensation retained by the employer shall be paid to the Montana State Firemen's Association for the payment of premiums on a group life and accidental death and dismemberment insurance policy for members and defray expense incurred by association when representing members of the plan."
4. Page 17, line 19.
Following: "deductions"
Insert: "paid to the administrator and"
5. Page 30, lines 17 through page 31, line 1.
Following: line 16, page 30
Strike: NEW SECTION. Section 51 in its entirety.

Renumber: subsequent sections.

If section 51 is stricken, all parenthetic citations [sections 1 through 53] should be changed accordingly.

PROPOSED AMENDMENT TO HOUSE BILL 674

B

1. Page 11, line 21.
Following: "employer"
Insert: ";" and a new subsection (c)
"(c) the date he ceases to be employed because of a reduction of the
number of firefighters in the fire department as prescribed in 7-33-4125,
MCA"
2. Page 12, line 4.
Following: "member"
Strike: "shall"
Insert: "may"

PROPOSED AMENDMENT TO HB 674 (THIRD READING COPY): C

1. Page 29, line 7.
Following: "adjustment."
Insert: "(1)"
2. Page 29.
Following: line 17
Insert: "(2) For a member hired on or after July 1, 1981, and surviving spouse or dependent children, the disability retirement allowance provided in [subsection (2) of section and the survivorship allowance provided in [subsection (2) of section 44] may not be less than one-half the monthly compensation paid to a newly confirmed, active firefighter of a city that last employed him as a firefighter, as provided each year in the budget of that city."

3-29
"D1"

AMENDMENTS TO HB 674, SECOND READING COPY

- 1. Page 18, line 25.
Following: "contribution"
Insert: ", based upon the annual compensation,"

- 2. Page 19, line 1
Strike: "18%"
Insert: "12% during the fiscal year beginning July 1, 1981,
15% during the fiscal year beginning July 1, 1982,
and 18% after July 1, 1983"
Strike: "of this compensation"

STANDING COMMITTEE REPORT

MARCH 130

19 21

3/21

MR. SPEAKER:

We, your committee on HOUSE APPROPRIATIONS

having had under consideration HOUSE Bill No. 674

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM AND PROVIDING FOR ITS ADMINISTRATION; AMENDING SECTIONS 19-9-1007, 19-11-401, 19-11-503, 19-11-504, 19-11-512, 19-11-514, 19-11-606, AND 19-12-301, MCA; REPEALING SECTIONS 19-11-301 THROUGH 19-11-303, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Respectfully report as follows: That HOUSE Bill No. 674

1. Amendments attached

DO PASS **AS AMENDED**

AMENDMENTS TO HB 674
(Second Reading Copy)

- CR7
1. Page 9, line 3.
Following: "board"
Insert: "."
Strike: remainder of line 3
 2. Page 9, lines 11 through 15.
Following: line 10
Strike: subsection (2) in its entirety
 3. Page 11, line 21.
Following: "employer"
Strike: "."
Insert: "; or"
 4. Page 11.
Following: line 21.
Insert: "(c) the date he ceases to be employed because of a reduction of the number of firefighters in the fire department as provided in 7-33-4125."
 5. Page 12, line 4.
Following: "member"
Strike: "shall"
Insert: "may"
 6. Page 17, lines 8 and 9.
Following: "contributions." On line 8.
Strike: "The" through "each" on line 9.
Insert: "Each"
 7. Page 17, lines 12 through 16.
Following: "firefighter"
Strike: remainder of section 27
Insert: "and shall report and remit on a monthly basis:
(1) 6% of the monthly compensation of each member to the administrator for deposit in the fund; and
(2) 1% of the monthly compensation of each member to the Montana state firemen's association for the payment of premiums on a group life and accidental death and dismemberment insurance policy for members and to defray expenses incurred by the association when representing members of the plan."
 8. Page 17, line 19.
Following: "deductions"
Insert: "paid to the administrator and"
 9. Page 18, line 25.
Following: "and"
Insert: "effective July 1, 1981,"

AMENDMENTS TO HB 674 (Continued)
(Second Reading Copy)

10. Page 19, line 1.

Following: line 25, page 18.

Strike: "18%"

Insert: "12%"

Following: "."

Insert: "This contribution shall increase to 15% effective July 1, 1982, and to 18% effective July 1, 1983."

11. Page 29, line 7.

Following: "adjustment."

Insert: "(1)"

12. Page 29.

Following: line 17

Insert: "(2) For a member hired on or after July 1, 1981, and his surviving spouse or dependent children, the disability retirement allowance provided in [subsection (2) of section 40] and the survivorship allowance provided in [subsection (2) of section 44] may not be less than one-half the monthly compensation paid to a newly confirmed, active firefighter of a city that last employed him as a firefighter, as provided each year in the budget of that city."

13. Page 30, lines 17 through line 1, page 31.

Following: line 16, page 30.

Strike: section 51 in its entirety.

Renumber: subsequent sections.

14. Page 42, line 14.

Following: "section"

Strike: "53"

Insert: "52"

15. Page 42, line 17.

Following: "section"

Strike: "53"

Insert: "52"

16. Page 44, line 19.

Following: "through"

Strike: "63"

Insert: "62"

17. For each of the internal references listed below:

Following: "through"

Strike: "53"

Insert: "52"

Page 1, line 17

Page 2, lines 4, 14, 18, and 21

Page 4, lines 5 and 10

AMENDMENTS TO HB 674 (Continued)
(Second Reading Copy)

Page 5, line 18
Page 7, line 14 and 17
Page 9, lines 7, 19, and 21
Page 10, lines 1, 6, 9, and 11
Page 15, lines 1, 4-5, 9-10, 15-16, and 19-20
Page 16, line 6
Page 19, line 17
Page 29, lines 20 and 22
Page 30, lines 7 and 11

18. Page 11, line 17
Following: "of the" at the beginning of line 17
Strike: "earlier"
Insert: "earliest"

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Senator Himsl: The severance tax--double amount and only 6 1/4%.
Bardanouve: Clearly the amount is decided--it is 1 1/4%. This is 1/20th of it that goes into 409, and 1 1/4 total to RRD. We are spreading that in 1/2. It will be a smaller program of the 709-type program.

Senator Haffey: The 1 1/4% coal tax is related to the RRD now. For the next two years that money is committed. Two years from now this approach and this proposal will make 1/2--.625%, and be available for the RRD budgets. The other 1/2 will be available for continuing our service for principal and interest on the bonds. Money from the bonds will be provided to counties or cities and they will reservice the debt. The fallback guarantee is there to protect them if they go belly-up.

Senator Dover: I don't see where it authorizes the spread in this bill. You have about \$800,000 to have \$5 million in bonds. Bardanouve: SB 409 authorizes the spread. 409 is the enabling legislation; this is the funding.

Senator Smith: Are any of these funds obligated in the Tongue River project? Bardanouve: No. Berry: They are two separate accounts. This bill does not affect permanent coal tax money at all. The Tongue River project could.

Senator Regan: I was under the impression that the money from part of this was underwriting the Tongue River Dam. Bardanouve: This bill has nothing to do with the Tongue River Dam. 846 is the Tongue River bill.

In closing, Rep. Bardanouve said he believed we were confused enough, and he would not continue to do so.

DISPOSITION OF HOUSE BILL 851: Motion by Senator Regan that HB 851 be concurred in. Voted, passed unanimously, Senator Stimatz to carry the bill.

CONSIDERATION OF HOUSE BILL 674: Representative Fabrega, House District 40, chief sponsor of the bill, said there were two other bills and this is a composite bill. This is a close parent to the 1974 police benefit plans and make a retirement system out of 13 plans in existence now. Cities, instead of making actuarily-based contributions, had to levy up to 2% cash drawer. That is no way to run a pension system. In time it would be an underfunded liability. He gave schedules for retirement, said firemen did not receive social security, said the danger of being killed or hurt was something like 67 deaths on firemen, 27 on police, and 3 if almost anything else. He said it will be administered by PERS; they would contribute the same percentage as they do now.

Dennis Taylor, budget director for City of Helena, spoke in favor of the bill and spoke for Al Thelen, Billings. He said this was a combined effort of the Montana Fire Fighter's Association and the different cities to have a protection that was actuarially sound. The \$40 million unfunded liability in Anaconda probably provided the plan and the desire to sit down and work on it. Every fireman has the benefits clearly available; in a sense it grandfathered these people in. It scales down the benefits after to a system we believe we can afford. I hope the committee will recognize the hard work that has gone into it and will pass it in its present form.

Mr. Ray Blehm, Montana State Firemen's Association: This bill is basically the one with the 13 plans affected by the bill. The State Fireman's Association has resisted attempts in the past to do this. The condition in Anaconda is what made us stop and think, and was the basic motivation for our switch in attitude.

Mr. Joe Wolf, budget director for Butte-Silver Bow: I support the bill. The police package has shown a lot of promise. It will start addressing the pension on a basis of salary, rather than on the basis of a mill.

Al Sampson, Montana State Fire Chief's Association, said while it is recognized as a compromise, they fully support it.

Larry Nachtsheim, PERS, said they would have the responsibility of handling this and spoke as a proponent of the bill.

Dan Mizner, Executive Director, Montana League of Cities and Towns: There are 14 first- and second-class cities in Montana in this. Glasgow and Glendive are first-class cities. The volunteer fire departments have been written out of the bill. Glendive is part paid and part volunteer and taken care of in the bill. This is a cooperative effort between cities, towns, and the state for funding.

There were no further proponents, no opponents, and Senator Himsl asked if there were questions from the committee.

Senator Regan: I think they should be congratulated on getting together and making the bill. Fabrega: I had to talk hard to get the firemen to give in on some things.

Senator Aklestad: How much are they in? Himsl: Membership, 7%; monthly compensation, 6%, 1% to insurance. That is matched by the city. Because it is 12%, it is matched by the state at 12%. The state increases rates to states and cities to 12% each. Does it come from the tax on the insurance premium? Taylor: Yes.

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Senator Hims1: The state's fund generates on the principal; the cities from the general fund, and individual contributions are shared.
Taylor: The first year the state is 12%, the second year, the state and cities are 15% each and the third year 18%. After the third year an actuarial reflection is made and all other cities will have an additional levy to fund the unfunded system. That is the same system as the police officers have.

Senator Hims1: The current is 6% now and goes up to 7%? Taylor: Yes, the employee has always been putting his 6% in. The cities have not been putting theirs in to make it actuarially sound. They add so much and take no regard of the indebtedness.

Senator Etchart: Wouldn't this state part ordinarily go into the general fund? Fabrega: There is no corporate license tax on the insurance premium. The profit on \$100 failed to generate the tax. The tax was passed in 1911 for the purpose of funding the firemen. 25% of the income of the premium tax is going to fire fighters and 25% to police and 50% to the general fund. It is maintaining that, even with this increase.

Senator Etchart: But it is an increase. Fabrega: 1973, That was only put in for people that are currently employed, not retirees. In 1975 the retired firemen's association devised this tax to run on when all the people are dead that are currently receiving from that source. It is a 1 1/2% tax.

Senator Aklestad: You are always concerned about the legislature knocking down the cities and towns, now they are paying twice the amount the employer is. Mizner: The funding was 2% of the taxable value before and, if not that much, you added on more mills. Whatever the mill value of the city has no relation to the amount of firemen. In Anaconda the mills dropped. There is not enough to take on the liability. The unfunded liability has grown to \$40 million. Funding has to be related to the liability; it will cost the cities more money. It is an obligation of the cities and it is already to be picked up. Whenever you do, the property will get soaked and if there is a disaster and 3 or 4 firemen get killed, it would be chaos. We have to make it an equitable and dependable plan which is actuarially sound.

Senator Story: We pay taxes too and the taxes are going to the cities. We pay higher premiums since we are in the rural area.

Senator Hims1: What about the rural fire district? Fabrega: They get 5% of the total take on this tax. It used to be after the state tax; now they get 5% of the fund before this bill.

Senator Hims1 declared the hearing closed.

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DISPOSITION OF HOUSE BILL 674: Motion by Senator Van Valkenburg that HB 674 be concurred in. Voted and passed unanimously.

A recess was called at 12:05, and the committee was asked to reconvene at 1:30 p.m.

1:48 P.M. Senator Himsel called the meeting back to order and asked if the committee were ready to take action on HB 810.

DISPOSITION OF HOUSE BILL 810: Motion by Senator Thomas that HB 810 be amended on page 2, line 1, to insert "the money may not be spent until each of the other participating agencies fully fund its share of the agreement. If the money is not spent, it shall revert to the general fund."

Voted, passed unanimously of those present.

Motion by Senator Thomas that HB 810 as amended, be concurred in.

Senator Nelson: In the discussion there was a question about trail going through Jamestown. I called to find out because it didn't sound right to me. Instead of one every 10 minutes, it would be once every hour.

Question was called, the motion was voted and passed unanimously of those present. Senator Thomas to carry the bill.

DISCUSSION ON HOUSE BILL 861: Senator Himsel: I understand this money is gone--\$350,000 for completing sections 1 and 3.

Senator Van Valkenburg: Could Mr. Fritz respond to this? I wonder if he is really opposed to this money cut.

Senator Himsel: I am advised it was in renewable development funds and it is not there. The Resource and Indemnity Trust funds have been used up. It is in the Renewable Bond Account. The funding is there.

Senator Van Valkenburg: Do you need all that money for this budget?
Fritz: That is a loaded question. I think the concept is one that will come of age some day. I think what we will do is contract out to continue a feasibility study to see if the concept is sound. We probably should take a look at feasibility before the entire amount of the appropriation is spent. I am not in a position to predict what it will show us.

Senator Himsel: Can't they get some feasibility determination for \$150,000? I would like to pull some out to have in reserve. Fritz: It is hard to answer. I am not exactly sure where the \$350,000 came from. I expect there was a reason for the amount. I expect we could do the feasibility study for less.

COMMITTEE ON

DATE

4/14

VISITORS' REGISTER

709, 676, 851, 674

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
John Hughes	Lewistown/Fergus Co.	H.B. 709		X
TOM EVANS	LEWISTOWN, CITY OF	H.B. 709		X
Joel Shouse	Blue Ribbons APO, Bozeman	H.B. 709	X	
Dave Kumlien	Bozeman Area Chamber of Commerce	HB 709	X	
AT Calder 2221	Bozeman Creek Reservoir	HB 709	X	
Kenneth Kraft	Bozeman Creek Reservoir	HB 709	X	
J. R. L. T.	Bozeman Creek Reservoir	HB 709	X	
Jack Nash	Bozeman Creek Reservoir (Mystic Lake)	HB 709	X	
Don Strong	Bozeman Creek Reservoir (Mystic Lake)	HB 709	X	
Bill Hoffman	Bozeman Creek Reservoir (Mystic Lake)	HB 709	X	
Arthur Gant	Mystic Lake	HB 709	X	
Robert L. Foukal	Trout Unlimited - National	HB 709	X	
Frank C. Thompson	M A C D	HB 709	X	
William P. Hs	State Health Dept	HB 709	X	
Walter Morris	East Bench Irrigation District	HB 709	X	
Jim Wierlich	" " " "	HB 709	X	
Jack Jasich	" " " "	HB 709	X	
John Hollenbeck	Gold Creek Mt.	HB 709	X	
Dennis M. Taylor	City of Helena	HB 676	X	
"	"	HB 674	X	
Jim Nugent	City of Missoula	HB 676	X	
HERB PASHA	Triangle Cons District	HB 709	X	
Ted Dodge	Triangle Cons. District	HB 709	X	
Ray Blehm	MT St Francis Assn	HB 674	X	
Lowell Schellack	East Bench Irr. Dist	HB 709	X	
Ron Paige	East Bench Irrig Dist	HB 709	X	

COMMITTEE ON

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

DATE _____

COMMITTEE ON _____

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check
			Support
Walt Dion	Triangle Const. Dist	709	X
Antone J. Grubbs	" " "	709	X
Tommy Dumas	" " "	709	X
John Anderson	Cascade Co. Const. Dist	709	X
Bob Lehman	Triangle Const. Dist	709	X
John Anderson	Triangle Const. Dist	709	X
Charlie Crane	Mont Water Dev. Assn	709	X
Paul M. Mize	Mont League of C & Y	676	X
David L. Hunter	Dept of Labor + Industry	676	X

STANDING COMMITTEE REPORT

April 14,

1981

MR. President.....

We, your committee on Finance and Claims

having had under consideration House Bill No. 674

(Haffey)

Respectfully report as follows: That..... House Bill No. 674

BE CONCURRED IN

~~XXXXXX~~

Senator Hims1

Chairman